



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 4/14/2009

GAIN Report Number: KZ9001

Kazakhstan, Republic of

Grain and Feed

Grain and Feed Annual

2009

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Report Highlights:

Kazakhstan's MY 2008/09 wheat crop of 12.5 MMT was well below the previous year's record. MY2008/09 wheat exports faced more competition from Russia as well as the economic slowdown in import demand, and therefore the export forecast has been cut to 3.5 MMT. Assuming normal weather, the MY2009/10 wheat crop is forecast to increase to 14.0 MMT, and exports to rebound to 6.5 MMT.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Ankara [TU1]
[KZ]

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Executive Summary

Kazakhstan's MY 2008/09 wheat crop, estimated at 12.5 MMT, is well below the previous year's record harvest. Kazakhstan's wheat export forecast for MY 2008/09 has been cut to 3.5 MMT as recently trade has come to a near standstill as the regional economy slows. Assuming normal weather, Kazakhstan's MY 2009/10 crop is forecast to reach 14 MMT, 12 percent more than in MY 2008/09. Exports in MY 2009/10 are forecast to rebound to 6.5 MMT.

Production

Kazakhstan's Ministry of Agriculture (MOA) has officially forecast 2009 total wheat planting area at 13,300 ha. Based on current weather and soil conditions and moisture content, MOA is assuming average yields this year, and therefore forecasting grain production in MY2009/10 to be 10 percent higher than MY2008/09.

However, post forecasts MY2009/10 wheat production at 14.0 MMT, assuming a crop yield of about 1.08 MT/ha.

MOA previously had reported that despite a drought, Kazakhstan harvested 15.6 million tons of total grains (wheat, barley, corn, etc) net weight (17.2 million tons bunker weight) in MY2008/09 and the harvest's quality characteristics were considerably better than in previous years. Post's estimate of MY2008/09 production remains at 12.5 million tons.

The monitoring of 2008 fall and 2009 winter precipitation show that it has been quite dry compared to most other years. In fact, 2008 was one of the driest fall/winter periods in recent years. But in examining historical precipitation and yield data, the impact of winter precipitation on yield is not that important.

For example, there were good harvests in 1999 and 2006 following a dry fall and winter, and there were bad harvests in 1998 and 2007 following a relatively wet fall and winter.

The most important weather-related yield factor is June and July precipitation. The Kazakhstan spring wheat crop is remarkably resilient, and if the crop gets good rainfall in June and July this can compensate for earlier dryness. And the opposite is true as well – even if soil moisture is high prior to planting, dry weather in June and July will typically result in a low yield. High spring soil moisture alone is not enough to sustain the crop if the summer is dry. Also, the data would suggest that excessive rain in June and July is detrimental to the crop. This happened in 2003 and 2005.

North Kazakhstan grain producers are happy with MY 2008 wheat quality and gluten content.

Consumption

The February 2009 National Census shows that there are no significant changes in Kazakhstan's population of 15.7 million people. Per capita wheat consumption is assumed to be stable. Although there have been many reports of plans for large-scale livestock production projects, all remain far from implementation, so wheat consumption for feed also is assumed to be stable.

Trade

In response to the global commodity price explosion, Kazakhstan introduced restrictive grain export licensing in September 2007; restrictions expired on September 01, 2008. According to the Ministry of Agriculture, the government does not plan to impose any export bans for grains in future. According to recent reports from grain traders, MY 2008/09 exports have come to a near standstill, and therefore MY2008/09 forecast has been reduced to 3.5 million MT.

Post forecasts MY2009/10 wheat exports to rebound to 6.5 million tons. In MY 2007/08 Kazakhstan had a record crop and shipped wheat to many new markets, while other producers in the region, especially Ukraine, had poor crops. In MY 2008/09 the shoe was on the other foot: Kazakhstan's production was below average while Russia and Ukraine both produced enormous crops. Moving these big crops in Russia and the Ukraine reduced the availability of railcars for Kazakh wheat, allowing Russia to expand exports to the Mediterranean and Caucasus markets which Kazakhstan had entered in MY2007/08. For MY2009/10, in addition to traditional Central Asian destinations, Kazakhstan is targeting China as a trade partner and plans to build a grain terminal at the Dostyk customs station on the border between China and Kazakhstan. A recent visit to Kazakhstan by Iranian officials led to declarations of increasing grain exports to Iran.

The government does not publish marketing year trade data. In calendar year 2008, total grain and oilseed exports to 40 countries totaled 4.7 million MT.

Kazakhstan: Total Grain and Oilseed Exports, CY 2008 (Includes wheat, barley, rapeseed)					
1.	Egypt	531.9	21.	Belarus	54.5
2.	Turkey	531.5	22.	Albania	31.0
3.	Tunisia	508.0	23.	Estonia	20.7
4.	Russia	374.1	24.	Oman	20.3
5.	Azerbaijan	358.5	25.	Poland	16.5
6.	Ukraine	275.1	26.	Finland	15.6
7.	Turkmenistan	263.7	27.	Moldova	12.3
8.	Saudi Arabia	242.2	28.	Lebanon	12.1
9.	Germany	200.5	29.	Lithuania	10.1
10.	Kyrgyzstan	193.6	30.	Ethiopia	9.7
11.	Iran	140.3	31.	Mongolia	9.6
12.	Tajikistan	123.9	32.	Morocco	6.4
13.	Uzbekistan	113.1	33.	Switzerland	6.0
14.	Latvia	110.5	34.	Israel	5.0
15.	Afghanistan	96.5	35.	UK	4.1
16.	Norway	95.5	36.	Armenia	3.7
17.	Pakistan	90.5	37.	Nigeria	3.3
18.	Italy	89.9	38.	Hungary	1.3
19.	Georgia	72.2	39.	Yemen	1.0
20.	Greece	60.1	40.	Denmark	0.8
Source: Kazakhstan Customs			(MT)	TOTAL	4,715.6

In 2008, the UN World Food Program procured 27,533 MT of Kazakh wheat and 20,016 MT of wheat flour.

World Food Program Procurement from Kazakhstan, 2008						
(MT)						
Wheat	Afghanistan	12,858		Flour	Tajikistan	16,959
	Bangladesh	7,922			Kyrgyzstan	3,057
	Yemen	6,753			Total	20,016
	Total	27,533				
Source: World Food Program						

Stocks

Because of the sharp drop-off in exports, MY 2008/09 ending stocks are now calculated at 3,437 MT for MY 2009, the highest level in many years. Even with a big recovery in exports in MY 2009/10, stocks are forecast to remain high.

Policy

As part of its response to the global economic slowdown, the Ministry of Agriculture plans to implement \$1 billion for various support programs: sowing seeds quality testing, agrochemical and agro climatic support to agriculture, quarantine pests, plant diseases and weeds program, crop insurance, irrigation water supply support program, cotton fiber quality testing.

In addition to these funds the government allocated \$1 billion from the National Fund for KazAgro Holding (Asset Management Company, A Ministry of Agriculture subsidiary) for various development programs, such as spring sowing campaign, dairy farms and greenhouses, financial leasing, low-interest micro-credit for rural population.

Since February 4, 2009, the National Bank of Kazakhstan has stopped support of the national currency, the tenge (KZT). The Bank allowed it to fall to the new rate of exchange of USD 1=KZT 150, +/- 3%.

Exchange Rate: Kazakhstani Tenge (KZT) per USD		
Feb 01-04 2009	Feb 05-10 2009	Mar 15 2009
121.78	148.51	150.29

Because wheat prices are based on the world price denominated in dollars, export prices are not expected to change because of the devaluation.

Recent prices for third class wheat are \$140-150/MT at EXW conditions.

Wheat PS&D

Wheat Kazakhstan	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Jun 2007			Market Year Begin: Jun 2008			Market Year Begin: Jun 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Mar
			Data			Data			Data
Area Harvested	12,750	12,750	12,750	12,900	12,900	12,900			13,300
Beginning Stocks	953	953	953	1,907	1,907	1,907			3,437
Production	16,600	16,600	16,600	12,500	12,500	12,500			14,000
MY Imports	35	35	35	100	100	30			30
TY Imports	35	35	35	100	100	30			30
TY Imp. from U.S.	0	0	0	0	0	0			0
Total Supply	17,588	17,588	17,588	14,507	14,507	14,437			17,467
MY Exports	8,181	8,181	8,181	5,200	5,200	3,500			6,500
TY Exports	8,181	8,181	8,181	5,200	5,200	3,500			6,500
Feed Consumption	2,700	2,700	2,700	2,700	2,700	2,700			2,700
FSI Consumption	4,800	4,800	4,800	4,800	4,800	4,800			4,800
Total Consumption	7,500	7,500	7,500	7,500	7,500	7,500			7,500
Ending Stocks	1,907	1,907	1,907	1,807	1,807	3,437			3,467
Total Distribution	17,588	17,588	17,588	14,507	14,507	14,437			17,467
Est. Yield			1.302			0.969			1.077

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